



Controller Betty T. Yee

California State Controller's Office

Unclaimed Property Division

Spring 2016

Holder Newsletter

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Common Remit Report Errors

Holder Remit Report season is approaching. Following are some helpful tips for avoiding five common report errors.

1 If you submitted a Holder Notice Report you must submit a Holder Remit Report to verify all property was returned to rightful owners during the State Controller's due diligence period.

2 Do not include new names and properties when preparing the Holder Remit Report. If new names or properties are found, you must prepare a Supplemental Notice Report. More information on completing a Supplemental Notice Report is in the [Winter 2015](#) edition of this newsletter. If a property is no longer unclaimed, you may omit it from the Holder Remit Report entirely. Alternatively, you may keep the property on the Holder Remit Report, but you must use the appropriate pay or deletion code and show the property remitted amount as zero.

3 When remitting property less than \$20,000, the funds may be remitted by check made payable to the "California State Controller" or by an electronic funds transfer (EFT). [CCP section 1532](#) requires any payment of \$20,000 or more to be made by EFT. To establish an EFT account with the State Controller's Office, complete the [Authorization Agreement for Electronic Funds Transfer](#).

When remitting mutual funds, you must directly register for transfer of open-end mutual fund shares to the Controller's broker. Refer to the [Unclaimed Property Holder Handbook](#) (starting on page 40) for registration instructions. Avoid processing delays by remitting all securities with the correct Committee on Uniform Securities Identification Procedures number with your Holder Remit Report.

4 The State Controller sends out a Holder Remit Reminder Letter Form (14F) to all holders once Holder Notice Reports and Supplemental Notice Reports have been approved in the reporting system. The 14F must include an original signature by the person preparing the report and be returned with the Holder Remit Report. If you have not yet received your 14F, contact the Outreach and Compliance Unit at UPDHolderOutreach@sco.ca.gov or (916) 464-6088.

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Common Remit Report Errors (continued from page 1)

- 5** You must include the Universal Holder Face Sheet ([UFS-1](#)) with every type of report. If the UFS-1 is not completed correctly, it may delay the report and result in an interest assessment. Four common errors are referenced below. Review the [form instructions](#) for complete details.

State of California—Controller's Office
UNIVERSAL HOLDER FACE SHEET (must be completed and attached with all reports, failure to do so may result in interest assessment)
 UFS-1 (Rev. 05/12)
 Mail to: Office of State Controller Betty T. Yee, Unclaimed Property Division, P.O. Box 942850, Sacramento, CA 94250

Report ID# (Remit Report Only)
Required

Notice Report Or **Remit Report**
☐ Due Before November 1 or ☐ Due Between June 1 and June 15 or
☐ Life Insurance Due Before May 1 ☐ Life Insurance Due Between December 1 and December 15
☐ Supplemental Notice Report (Properties not included on the Notice Report cannot be listed on the Remit Report and must be reported on a Supplemental Notice Report)

Section A—Holder Information
 FEIN Branch Number Report As of Date Check Number / EFT Debit Ref Number (Remit Report Only)

Section B—Holder Contact Information **Holder Name**
 Street Address
 P.O. Box Number City State Zip Code Country
 Contact Name (For report completion) Title Phone Number Extension
 E-mail Address

Section C—Property Owner Contact Information **Holder Name**
 Street Address
 P.O. Box Number City State Zip Code Country
 Contact Name Title Phone Number Extension
 E-mail Address

Section D—Holder Agent Contact (If Applicable) **Agent Name**
 Street Address
 P.O. Box Number City State Zip Code Country
 Contact Name (For report completion) Title Phone Number Extension
 E-mail Address

Section E—Holder CEO/CFO Name Title
 Address
 P.O. Box Number City State Zip Code Country

Section F—Holder Report Totals Total Reported/Remitted Dollars Total Reported/Remitted Shares Includes Safe Deposit Box
☐ Yes ☐ No
**Any Remittance of \$20,000.00 or more must be paid by Electronic Funds Transfer (EFT), pursuant to CCP Section 1532*

Section G - Holder Business Information
 Organization Type: Incorporation State: Incorporation Date: / / NAICS Code: Charter: Federal ☐ or State ☐ Charter Date: / /

Section H—Demutualization Proceeds ☐ This report includes proceeds from the demutualization of an insurance company
 Date of Demutualization ☐ CCP Section 1515.5 (a) ☐ CCP Section 1515.5 (b) ☐ CCP Section 1515.5 (c)

Section I—Transfer Agent (If Applicable) **Agent Name**
 Street Address
 P.O. Box Number City State Zip Code Country

Section J: Verification
 Section J - Verification If made by an individual, shall be verified by the individual; if made by a partnership, by a partner; if made by an unincorporated association or private corporation, by an officer; if made by a public corporation, by its chief fiscal officer or other employee authorized by the holder (CCP Section 1530(e)).
 The undersigned, _____ declares, under penalty of perjury, that, to the best of (his) (her) knowledge and belief, the following sheets contain a full, true, and complete report of unclaimed property which is presumed unclaimed under the provisions of Part 3, Title 10, Chapter 7, Code of Civil Procedure, commencing with Section 1500, and Title 2, California Administrative Code, Sections 1150 et seq. *The Undersigned also confirms that all properties not listed on the Remit Report, which were initially included on the Notice Report, were due to contact by the apparent owner, or the property being reactivated or returned to the rightful owner.*
 Signature Title Date

UFS-1 (Rev 05/12)

Include your six-digit report ID number, found on the 14F.

The "As of" date must be the same date used previously on the Holder Notice Report.

Amounts entered must equal the total dollar amount and total share amount of the property owner list.

An original signature of an authorized person is required.

Owner Reunification Efforts

In fiscal year 2014-15, the California State Controller and holders of unclaimed property made it possible to reunite owners with 421,102 properties (totaling over \$248 million). The State Controller also mailed more than one million notices to owners. While many cases were successfully closed, approximately 4.8 million new properties were added to the online database following Holder Remit Reports.

To continue strong reunification efforts, it is important for holders to report all available owner information on unclaimed property reports, including all beneficiary information and birthdates. Complete owner information makes it easier for the Controller's team to find people and reduces the need for additional holder contact after property is transferred to the State. If more owner information is identified after the Holder Notice Report was submitted, the holder may make changes to owner information on the Holder Remit Report. This ultimately ensures the Controller's team correctly processes claims.

To find out if the State Controller is protecting unclaimed property belonging to you, go to www.claimit.ca.gov.

Sending Funds Electronically

If your Holder Remit Report exceeds \$20,000, California law requires that funds be remitted by electronic funds transfer (EFT). Remittances \$20,000 or greater that are not submitted by EFT are subject to civil penalties assessed at 2% of the payment amount due. There is no minimum amount for EFT remittances. The State Controller prefers holders remit funds electronically when possible.

EFT payments may be made by Automated Clearing House (ACH) Debit, ACH Credit, Fedwire, or International Funds Transfer.

- When remitting multiple checks for one report for the same holder Federal Employer Identification Number (FEIN) that cumulatively exceed \$20,000, you must remit funds electronically.
- If you are submitting one wire for multiple reports, include a list of Report ID numbers and the breakdown of funds so the Controller's staff may apply funds correctly. The list must be sent to UPDSOEFT@sco.ca.gov prior to transferring the funds, and the list must be included with each Holder Remit Report. Failure to provide this list may result in rejection of the report and an interest assessment.
- Establish a new ACH Debit or ACH Credit account with the Controller's EFT Unit outside of the peak season (before April 30, 2016). Returning users do not need to contact the EFT Unit unless their banking information changed after the initial account setup. ACH Debit is the preferred method for remitting funds and it will expedite processing. To establish an EFT account, complete the [Authorization Agreement for Electronic Funds Transfer \(EFT-1\)](#).
- When establishing an ACH Debit account, ensure the account is a checking or savings account. Payments submitted from a general ledger or trust account will be rejected.
- The Controller offers a free web payment service only through the ACH Debit payment option. Holders may process EFT payments conveniently and securely online at secure.paycalifornia.com/soc/inetSrv. Payments also may be made by calling (800) 554-7500.

Refer to pages 24 to 43 of the [Unclaimed Property Holder Handbook](#) for more information on EFT.

For further assistance, contact the EFT Unit at (916) 464-6220 or UPDSOEFT@sco.ca.gov.

Inside the Safe Deposit Unit

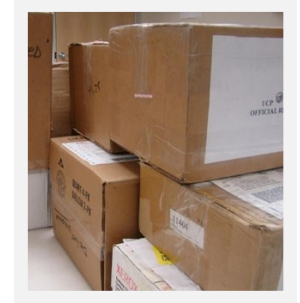
The California State Controller protects unclaimed property for approximately 32.5 million individuals. Though “safekeeping properties” represent a small percentage (less than 1%) of all unclaimed property, they could arguably be some of the most important because of potential sentimental or irreplaceable value. Here is an inside look at how the Controller’s Safe Deposit Unit (SDU) handles safekeeping properties and how holders can help improve the process.

Receiving

SDU receives unclaimed properties through the U.S. Postal Service, UPS, FedEx, Brinks, and even hand-delivery. Some holders consolidate and deliver properties in a single shipment, while others send from each of their branch locations. There is no wrong way to send unclaimed property to SDU, as long as it arrives intact.

To ensure smooth delivery:

- Pack the contents to survive traveling distances. Use sturdy boxes, cushion with packing materials, and tape thoroughly to seal everything inside.
- Account for everything. If you reported a property on your Holder Remit Report, the Controller must either receive the property or be given a reason why it was not sent. Regardless if the property was claimed, lost, or reported in error, explain what happened and provide documentation to support the property’s disposition.



Verification

The Controller’s team verifies every piece of property received from holders. Working in a dual custody mode under camera, staff members fully match each inventory received. Any discrepancies are noted and, after verification, all items are placed in secure storage with their locations tracked in the Unclaimed Property System. If a holder reports information that the State Controller does not receive, SDU will contact the holder and send a letter detailing the missing item(s).

Reunification

Every year, the State Controller returns hundreds of safekeeping properties to their owners after a thorough verification process. The most effective tool for owner verification and reunification is the information holders report. What helps?

- Addresses, even if an address is old or has resulted in returned mail
- Paperwork, even old copies of original paperwork and bank signatures from a safe deposit box rental or agreement
- Date of birth, even if it is a partial date or there are several potential beneficiaries

Savings Bonds and Military Property

Assembly Bill 355 (Statutes of 2015) authorized the State Controller to mail a separate notice to a reported owner of a U.S. savings bond or military award inside a safe deposit box or other safekeeping repository if the name shown on the item is different from the name of the reported owner. Recipients often do not know savings bonds were purchased in their name.

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Inside the Safe Deposit Unit *(continued from page 4)*

U.S. military property safeguarded by the State Controller includes paperwork, photographs, badges, medals, name tags, letters, and more. Since the National Personnel Records Center in Missouri suffered from a large fire in 1973, some Official Military Personnel Files protected at the State Controller's Office could be the only remaining copies for veterans and their families.

For more information on reporting and escheating safekeeping property to the State Controller, contact SDU at UPDSafekeeping@sco.ca.gov or (916) 464-0783.



Frequently Asked Questions: Remitting Securities

Starting with the June 2016 remit season, the State Controller will have a new broker account number for delivering stock securities: Account #8021-1102. The broker account for remitting mutual funds will not change. Refer to the [Unclaimed Property Holder Handbook](#) for more information.

Can a holder establish a "state account" in the name of the State Controller's Office without permission?

No. California's Unclaimed Property Law requires securities to be delivered to the State Controller's contracted broker, Wells Fargo Advisors, and not maintained in a book account held by the company. Securities are not considered delivered to the State Controller until credited to the Controller's account at the Controller's contracted broker. It is the holder's responsibility to remit securities in accordance with California requirements. Failure to remit securities to the contracted broker may result in interest assessments.

Can a holder put securities that are not Depository Trust Company (DTC) transfer-eligible into a "state account"?

No. Securities that are not DTC eligible may be transferrable by other means. Contact the State Controller's contracted broker at (916) 443-4493 for assistance. Only shares from a nontransferable issue (that have been verified by the Controller's contracted broker as nontransferable) may be put into a holding account in the name of State Controller, State of California.

Does a holder need to notify the State Controller and the contracted broker when delivering the securities electronically?

Yes. On the day the shares are delivered electronically, email the Securities Summary (SS-1) form to the Controller's Office at ucpdtcss1@sco.ca.gov and the Controller's contracted broker at calif.statemail@wellsfargoadvisors.com. Include the report ID and DTC participant number in the email subject line and in the DTC comment field on the transfer instructions. If the report ID is not provided in the DTC comment field the transfer may be rejected.

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Remitting Securities *(continued from page 5)*

How does a holder report and remit securities with fractional share amounts?

For all security issues, with the exception of open-end mutual funds, holders must liquidate each individual owner's fractional share amounts and report the proceeds as cash on the Holder Remit Report.

Should a holder report worthless and/or nontransferable securities?

Yes. California's Unclaimed Property Law does not exclude securities that are worthless or nontransferable from being reported. Sufficient information must be submitted with the Holder Remit Report for reported securities that cannot be transferred. Nontransferable shares may be put into a holding account in the name of the State Controller, but only after the security issue has been verified by the Controller's contracted broker as nontransferable. Monthly and/or quarterly statements for nontransferable securities held in a holding account must be mailed to the Controller's Unclaimed Property Division.

Should shares be reported on the Holder Notice and Holder Remit Reports as "Unknown" owner?

Holders must report property owner information for property valued \$25.00 or more. However, in a continuing effort to return property to its rightful owner, holders should include the owner's name and other contact information for all properties submitted, regardless of value.

What if securities information changes in the time between submitting the Holder Notice Report and the Holder Remit Report?

The Holder Remit Report must contain the same property owner information as reported on the Holder Notice Report. When security information (e.g., dividends, stock splits, spin-offs, security name/CUSIP) changes after the Holder Notice Report has been submitted, the security information must be changed on the Holder Remit Report to match the securities remitted to the Controller's contracted broker.

- Do not include new owner names when preparing the Holder Remit Report. Do not transfer shares to the Controller's contracted broker if they were not reported on the Holder Notice Report.
- If new names or properties are found following submission of the Holder Notice Report, you must submit a Supplemental Holder Notice Report before the properties can be remitted to the State Controller. To do this, check "Supplemental Notice Report" under the Notice Report section on the [UFS-1 form](#) and complete the form.
- If all property is claimed before the Holder Remit Report is due, you must submit a Negative Holder Remit Report. To do so, write a zero (0) in "Section F – Holder Report Totals."

If these guidelines are not followed, the Holder Remit Report may be subject to interest and penalties ([CCP section 1576 and 1577](#)).

More questions? Contact the Securities Unit at (916) 464-7123 or UPDSecRecon@sco.ca.gov.



Upcoming Events

Representatives of the Outreach and Compliance Unit (OCU) attend events to provide education on the Unclaimed Property Law and mandated reporting requirements. State Controller employee participation in these events is not an endorsement of the views, opinions, products, or services of any participant or entity.

Visit the [events page](#) for up-to-date information. To receive automatic notification about future workshops, seminars, and events, subscribe to the [email list](#). To request the Controller's staff participation at your upcoming event, contact OCU at (916) 464-6088 or UPDHolderOutreach@sco.ca.gov.

Important Deadlines

Before May 1

Holder Notice Reports due
for life insurance companies

Due diligence must be completed
for 2016 report year

June 1-15

Holder Remit Report and Remittance Due



All materials and information
contained within this newsletter
are for informational purposes only
and do not constitute legal advice.

Contact Us

**California State Controller's Office
Unclaimed Property Division
10600 White Rock Road, Suite 141
Rancho Cordova, CA 95670
www.sco.ca.gov**

Reporting Assistance (916) 464-6284

Claims Assistance (800) 992-4647
(outside USA) (916) 323-2827
www.claimit.ca.gov

1577 Interest Assessment Unit (916) 464-6092
(for CA CCP §1577 inquiries) UPD1577@sco.ca.gov

Outreach and Compliance Unit (916) 464-6088
UPDHolderOutreach@sco.ca.gov

Questions Regarding Securities (916) 464-7123
UPDSecRecon@sco.ca.gov

Questions Regarding EFT Remittance (916) 464-6220
UPDSCOEFT@sco.ca.gov

Please send your newsletter comments, ideas, or concerns to UPDHolderOutreach@sco.ca.gov